



Press Release

Shree Tirupati Balajee FIBC Limited

March 27, 2025

Ratings

Facilities	Amount (Rs. Crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long-Term Bank Facilities	75.00	IVR A-; Stable (IVR A Minus with Stable Outlook)	IVR BBB/Positive (IVR Triple B with Positive Outlook)	Rating Upgraded	Simple
Long-Term Bank Facilities - Term Loan & GECL	-	-	IVR BBB/Positive (IVR Triple B with Positive Outlook)	Withdrawn	-
Total	75.00 (INR Seventy-Five crore only)				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

The upgrade in the rating of bank facilities of Shree Tirupati Balajee FIBC Limited (STBFL) considers steady business performance of the company in FY24 [FY refers to the period from April 1 to March 31] and in H1FY25 marked by improvement in profitability coupled with reduction in total debt during FY25 and healthy financial risk profile of its parent Shree Tirupati Balajee Agro Trading Company Limited (STBATCL) (rated; IVR A-;Stable). Further, the ratings also continue to consider long operational track record of the company under experienced promoters, diversified geographical presence and satisfactory capital structure backed by improvement in net worth with comfortable debt protection metrics. However, these rating strengths are constrained by susceptibility of profitability to raw material price fluctuation and exposure to foreign currency fluctuation risk coupled with working capital-intensive nature of STBFL's operation.

The stable outlook reflects expected stable business performance of the company in the near to medium term underpinned by satisfactory demand outlook of its products along with comfortable capital structure and experienced & resourceful promoters.

Infomerics Ratings has simultaneously withdrawn the long-term rating assigned to term loans and GECL facilities with immediate effect. The above action has been taken based on 'No Due Certificates' issued by the respective lenders and the withdrawal request received



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from the company. The rating is being withdrawn in accordance with Infomerics' Policy on Withdrawal of ratings.

Key Rating Sensitivities:

Upward factors

- Improved business performance of STBFL marked by steady growth in scale of operations leading to improvement in profitability and cash accruals
- Improvement in the financial/credit risk profile of STBATCL

Downward Factors

- Moderation in scale of operation and/or moderation in profitability leading to impairment in cash accruals
- Any unplanned debt funded capex leading to moderation in capital structure and/or moderation in interest coverage to below 2x
- Moderation in financial/credit risk profile of STBATCL
- Stretch in the working capital cycle driven by pile-up of inventory or stretch in receivables

List of Key Rating Drivers with Detailed Description

Key Rating Strengths:

Long operational track record under experienced promoters

STBATCPL was promoted in 2009 by one Mr. Binod Kumar Agarwal to manufacture woven sacks and Flexible intermediate bulk container (FIBC) bags. STBFL, subsidiary of STBATCL was incorporated in 2009 to manufacture FIBC bags. Both companies are part of the Indore-based Shree Tirupati Balajee Group. Shree Tirupati Balajee Group has a long strong presence for more than two decades in the flexible packaging industry. The promoter, Mr. Agarwal, also has vast business experience of more than two decades, which supports the business risk profile to a large extent.

Well diversified operation

Over the years of its presence, the company has successfully expanded its product reach to various industries like chemicals, salt, fertilizer, food, pharma, Agri-commodities, cement, and construction. Moreover, the company's revenue is well diversified with a healthy revenue mix of export and domestic sales. Further, it has established a strong and healthy



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relationship with reputed players in the market thereby ensuring repeated orders from them as a result of quality and reliable products offered to them.

Operational synergy benefit

STBATCL and STBFL both are engaged in manufacturing of various types of FIBC bags such as technical bags, container liners, food grade bags, platen, bags and builder bags, standard bag, baffle bag, conductive bag, cross corner bag, etc. Being in same line of business both the companies enjoy higher bargaining power with its suppliers and other vendors.

Stable business performance with improvement in profitability

Operating income of STBFL has slightly moderated to Rs.161.10 crore in FY24 from Rs.176.25 crore in FY23 on account of reduced sales volume. Despite the moderation in topline, backed by higher sales realization, the absolute EBITDA has improved to Rs.22.93 crore in FY24 from Rs.15.10 crore in FY23. The operating margin has also improved to 14.23% in FY24 as against 8.56% of FY23. Consecutively, PAT margin has also improved to 8.62% in FY24 from 5.08% in FY23. In H1 FY25, STBFL has generated revenue of Rs.104.39 crore with an EBITDA margin of ~11.14%.

The parent, STBATCL's consolidated total operating income witnessed a y-o-y growth of ~14% in FY24 driven by a rise in sales from the domestic market. In the past, exports contributed to a high portion of the revenue mix. Due to recession in the EU countries, leading to lower export demand and a highly competitive market which led to lower realizations, the export sales have dipped in FY24, which was well compensated for by the strong domestic market demand. The EBITDA margin improved from 10.17% in FY23 to 11.77% in FY24 driven by higher absorption of fixed overheads marked by rise in capacity utilisation coupled with slightly better sales realization. Gross cash accruals have also improved from Rs.27.20 crore in FY23 to Rs.42.94 crore in FY24. STBATCPL achieved a revenue of Rs.447.29 crore in 9MFY25.

Strong financial risk profile of the parent

The parent, STBATCL has a strong financial risk profile marked by its healthy capital structure and comfortable debt protection parameters. Backed by steady accretion of profit to reserve coupled with fresh issue of bonus share through private placement amounting to ~Rs.59 crore in FY24, the net worth base of STBATCL has improved to Rs.210.02 crore. The overall gearing has improved and stood at 1.17x as on March 31, 2024, as against



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1.61x as on March 31, 2023. Backed by the rise in absolute EBITDA and gross cash accruals in FY24, both Total Debt to EBITDA and Total Debt to GCA have improved to 3.84x and 5.71 years respectively as on March 31, 2024, against 4.65x and 8.25 years as on March 31, 2023.

Further, post listing of shares of the holding company (Shree Tirupati Balajee Agro Trading Co. limited) in September 2024, the tangible net worth of STBATCL has further improved to Rs.338.64 crore as on September 30, 2024. Moreover, driven by prepayment of outstanding term loans (consolidated) of the company amounting to Rs. ~Rs.41 crore till September through IPO proceeds, the overall gearing and TOL/TNW of STBATCL have improved, and both stood below unity at 0.64x and 0.80x respectively as on September 30, 2024.

Key Rating Weaknesses:

Susceptible to raw material price and exposure to foreign currency fluctuation risk

The profit margins of the company are volatile in nature due to fluctuation in the price of the key input, polymer granules which derive crude oil. Exports, which are denominated in foreign currency mainly US dollar, accounted for a sizeable portion of the company's sales in FY24. As on December 31, 2024, the unhedged forex exposure of STBFL stood at Rs.23.80 crore respectively. Hence, any significant movement in the exchange rates could lead to volatility in the EBITDA margin. However, the company has been partially mitigating the risk involved in forex transactions through hedging.

Working capital intensive nature of operation

The operations of the company remained working capital intensive marked by its high working capital requirements. Further, the operating cycle of the company remained elongated mainly due to its long average inventory holding period owing to the very nature of the business mainly to avail the cost advantages from bulk buying and to ensure the availability and mitigate the price fluctuation of Polypropylene granules which are the key raw material needed to manufacture FIBC bags.

Analytical Approach: Standalone

Infomerics Rating has considered parent support for rating assessment of the company.

Applicable Criteria:



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[Rating Methodology for Manufacturing Companies](#)

[Criteria for assigning Rating outlook](#)

[Policy on Default Recognition and Post-Default Curing Period](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria on Complexity](#)

[Criteria of Parent Group Support](#)

[Policy on Withdrawal](#)

Liquidity: Adequate

STBFL has already made prepayment of most of the outstanding term loans by utilizing the IPO proceeds of the parent STBATCL. With no major planned capex in near future along with its expected healthy gross cash accruals of ~Rs.18-20 crore during FY25-FY27, the liquidity profile of STBFL is expected to remain adequate. Moreover, along with its satisfactory current ratio of 1.70x as on March 31, 2024, company also has comfortable gearing headroom on the back of its satisfactory capital structure. However, the liquidity position of the company is restricted due to its working capital-intensive nature of operation mainly due to its elongated average inventory period. In addition, STBATCL (the parent) on consolidated basis has an unincumbered cash balance of Rs.18.41 crore as on January 31, 2025 imparts additional liquidity cushion.

About the Company

Shree Tirupati Balajee FIBC Limited (STBFL) was incorporated in 2009 by Mr. Binod Agarwal. STBFL is a part of Shree Tirupati Balajee group which is engaged in manufacturing is into manufacturing of high value-added FIBC bags for food and pharma segments. Shree Tirupati Balajee FIBC Ltd. is a 100% export-oriented unit and holds the British Retail Consortium food safety certification having installed capacity of 12,000 MTPA.

About the Parent

Shree Tirupati Balajee Agro Trading Co. Private Ltd. (STBATCPL) was incorporated in 2001 by Mr. Binod Agarwal which got changed to Shree Tirupati Balajee Agro Trading Company Limited on November 20, 2023. The company had gone for IPO and got listed on both BSE and NSE as on September 12, 2024. STBATCL is a part of Shree Tirupati Balajee group which is engaged in manufacturing of FIBC bags for food, pharmaceutical, mineral, and



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mining, construction, and agricultural produce packaging. Shree Tirupati Balajee Agro Trading Co. Ltd.'s manufacturing facility is at Pithampur, Indore, Madhya Pradesh, having a capacity of 28,000 metric tonnes per annum (MTPA) of FIBC bags.

Financials of Shree Tirupati Balajee FIBC Limited: Standalone

For the year ended* / As On	(Rs. Crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	176.25	161.10
EBITDA	15.10	22.93
PAT	8.98	14.11
Total Debt	48.55	73.52
Tangible Net worth	62.50	76.86
EBITDA Margin (%)	8.56	14.23
PAT Margin (%)	5.08	8.62
Overall Gearing Ratio (x)	0.78	0.96
Interest Coverage	4.24	4.32

**Classification as per Infomerics' standards*

Financials of Parent: Shree Tirupati Balajee Agro Trading Company Limited: Consolidated

For the year ended* / As On	(Rs. crore)		
	31-03-2023	31-03-2024	31-12-2024
	Audited	Audited	Unaudited
Total Operating Income	475.77	541.49	441.75
EBITDA	48.37	63.74	48.90
PAT	20.71	36.07	25.13
Total Debt	225.15	244.98	-
Tangible Net worth	140.21	210.02	-
EBITDA Margin (%)	10.17	11.77	11.07
PAT Margin (%)	4.33	6.53	5.62
Overall Gearing Ratio (x)	1.61	1.17	-
Interest Coverage	2.71	3.08	3.03

**Classification as per Infomerics' standards*

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:



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Sr. No.	Name of Instrument/ Facilities	Current Rating (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Cr.)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
					Feb 26, 2024	Dec 13, 2022	-
1.	Cash Credit/Packing Credit	LT	75.00	IVR A-/ Stable	IVR BBB/ Positive	IVR BBB/ Stable	-
2.	Term Loan	LT	-	Withdrawn	IVR BBB/ Positive	IVR BBB/ Stable	-
3.	GECL	LT	-	Withdrawn	IVR BBB/ Positive	IVR BBB/ Stable	-

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About Infomerics:

Infomerics Valuation and Rating Limited [Formerly Infomerics Valuation and Rating Private Limited] (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of 7 India (SEBI) and accreditation from Reserve Bank of India (RBI). Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by indepth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks. Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations. Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

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Annexure 1: Instrument/Facility Details

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Cr)	Rating Assigned/ Outlook
Cash Credit/Packing Credit	-	-	-	75.00	IVR A-/ Stable

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/Len-Shree-Tirupati-Balajee-27mar25.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/combined analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com